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DOD WASTES HUNDREDS OF MILLIONS OF DOLLARS
BY DUPLICATING BASE SUPPORT SERVICES

TWENTY-SEVENTH REPORT
BY THE
COMMITTEE ON GOVERNMENT
OPERATIONS

Y 1.1/8:97-729



AUGUST 12, 1982.—Committed to the Committee of the Whole House on
the State of the Union and ordered to be printed

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LETTER OF TRANSMITTAL

HOUSE OF REPRESENTATIVES,
Washington, D.C., August 12, 1982.

HON. THOMAS P. O'NEILL, JR.,
Speaker of the House of Representatives,
Washington, D.C.

DEAR MR. SPEAKER: By direction of the Committee on Government Operations, I submit herewith the committee's twenty-seventh report to the 97th Congress. The committee's report is based on a study made by its Legislation and National Security Subcommittee.

JACK BROOKS, *Chairman.*

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Union Calendar No. 449

97TH CONGRESS }
2d Session }

HOUSE OF REPRESENTATIVES

{ REPORT
No. 97-729

DOD WASTES HUNDREDS OF MILLIONS OF DOLLARS BY DUPLICATING BASE SUPPORT SERVICES

AUGUST 12, 1982.—Committed to the Committee of the Whole House on
the State of the Union and ordered to be printed

Mr. BROOKS, from the Committee on Government Operations,
submitted the following

TWENTY-SEVENTH REPORT

BASED ON A STUDY BY THE LEGISLATION AND NATIONAL SECURITY
SUBCOMMITTEE

On August 10, 1982 the Committee on Government Operations approved and adopted a report entitled "DOD Wastes Hundreds of Millions of Dollars by Duplicating Base Support Services." The chairman was directed to transmit a copy to the Speaker of the House.

I. SUMMARY

The cost of base support services to the Department of Defense has been steadily increasing. It is currently more than \$18 billion annually and involves about one-half million people. These services include housekeeping functions such as payroll, supply, transportation, custodial services, police and fire protection, and motor vehicle repair. Recognizing the potential for reducing base support costs, DOD established in 1972 the Defense Retail Interservice Support (DRIS) program.

Despite 10 years of effort, recent reports by the General Accounting Office and the Defense Audit Service show that the DRIS program has not been effective and that there remain significant opportunities to reduce duplicative and costly base support services.

Up to now, duplicate base support services have not been eliminated because DOD has not demonstrated a strong commitment to consolidation. All too often cost-effective consolidations have been frustrated by opposition from the individual services. This tactic has been effective because DOD has been unwilling to step in and direct that the consolidations be made.

Recently DOD has initiated steps to improve the DRIS program: A task force has been established to look at past, present, and future consolidation efforts.

A goal of \$30 million in savings for each of the next five years has been set.

A 30-day time limit has been established for each command level either to implement or forward recommendations for consolidations.

Although these actions are promising, the DRIS savings goal of \$10 million per service per year does not sufficiently challenge the services to achieve the potential savings available in this area. This represents less than one-tenth of one (.1) percent of the fiscal year base operating support costs. The committee strongly endorses higher savings goals for the next fiscal year—between one to five percent of base support costs would equate to between \$180 and \$900 million annually. A one to five percent savings in salaries and benefits (historically 60 percent of total support cost) could amount to hundreds of millions of dollars a year. In addition, the committee recommends that DOD no longer allow the military services' individual interests to frustrate consolidation and that it establish a management structure that centralizes responsibility for base support services.

In sum, consolidating base support functions could save hundreds of millions of dollars. The foundation for a successful program has been in place since 1972 but DOD has experienced only failure because the Department has not provided strong direction and commitment to the program. Recognizing this situation, the services have successfully resisted most consolidation proposals and will continue to do so unless the recommendations contained in this report are fully implemented.

In view of the \$1.6 trillion Defense budget for the next five years, it is imperative that opportunities for savings be fully explored, especially in view of the committee's conclusion that hundreds of millions of dollars could be saved through more consolidation of support services.

II. HEARINGS

On June 22, 1982, the Legislation and National Security Subcommittee of the House Committee on Government Operations conducted a hearing on the duplication of military base support services. Testimony was presented by representatives of the General Accounting Office, the Office of the Secretary of Defense, and the Department of the Navy.

III. INTRODUCTION

Military installations usually support themselves independently with various services similar to those provided by local governments, utility companies, and the service industry segment of the civilian economy. These services, collectively named base support services, are provided by the installations so that operational military units can pursue mission objectives free from housekeeping functions. The more than 100 categories of base support services include such activities as civilian personnel functions, finance and accounting operations, custodial services, police services, fire protection, real property maintenance, and repair or commercial or military motor vehicles.

DOD has requested more than \$18 billion in fiscal year 1983 for base support services. These funding requests are contained primarily in operations and maintenance, military personnel, and family housing accounts. Historically, civilian and military salaries and benefits constitute about 60 percent of total base support costs. Nearly one-half million people are involved in providing base services, according to the General Accounting Office.¹

Because costs of these support services are so expensive, it is important that the military services share resources among themselves where military bases are in close proximity in order to eliminate duplicate base support services. When this occurs, the term "base support" is often used interchangeably with "interservice support," an action by one DOD component to provide support to another DOD component.

Recognizing that consolidation of military base support services could result in substantial dollar savings, DOD established the Defense Retail Interservice Support (DRIS) program in 1972 to promote interservice consolidation among the military services. To strengthen the program, Joint Interservice Resource Study Groups were established in 1977 for 52 geographical zones containing 10 or more defense Department activities within a 50-mile radius. This report discusses the deficiencies in the current DRIS program and make recommendations for realizing significant savings.

IV. PREVIOUS AUDIT REPORTS AND STUDIES RECOMMENDING IMPROVEMENTS OF THE DRIS PROGRAM

In March 1975, the Joint Chiefs of Staff initiated a study² to determine the reasons for the difficulties experienced in implementing an effective DRIS program. This study concluded that the DRIS program was receiving inadequate management support and that a high-level steering group, consisting of generals and admirals, should be established to improve the management and effectiveness of the program. No high-level steering committee was appointed and the ineffective implementation of the DRIS program has continued.

In August 1975, GAO issued a report³ that was critical of both the DRIS program as implemented in the Pacific region and the DOD manual that sets forth interservice support policy for the military departments. GAO stated that the program was ineffective because (1) the various DRIS coordinators at local activities were only on part-time assignment, (2) the program had received insufficient command interest or priority, and (3) the studies performed to determine the feasibility of consolidations were inadequate. GAO noted that local commands had prevented worthwhile consolidations because of their unwillingness to relinquish control over resources. GAO pointed out that the problems were compounded by the lack of clear-cut authority to direct consolidations.

¹ "Consolidating Military Base Support Services Could Save Billions," September 1980, LCD-80-92.

² "Study of the DRIS Program," Joint Chiefs of Staff, Pentagon, March 1975.

³ "Millions Could Be Saved Annually and Productivity Increased if Military Support Functions in the Pacific Were Consolidated," CD-75-217, August 26, 1975.

In April 1976, the Defense Supply Agency Auditor General issued a highly critical report⁴ on the DRIS program. The report stated that the DRIS manager, relying on initiatives of the local installations to bring about new interservice agreements, failed to identify opportunities for interservice support, to propose interservice agreements, or to monitor potential arrangements that were under consideration. The Auditor General stated that reliance upon local installations was misplaced because loss of personnel, lack of facilities, and loss of direct control over support functions resulting from interservice agreements discouraged them from taking any initiative toward consolidation.

In May 1977, Defense Audit Service's report⁵ identified certain geographic areas with a high concentration of military facilities that had a considerable potential for consolidation of support services. The report recommended merging the Commercial Activities inventory, which contains base support services for possible contracting out to private industry, with the DRIS catalog of support services to provide data from which to identify potential interservice consolidations. However, the two data bases were never consolidated—only cross references between the two were provided.

In its September 1980 report⁶ on the effectiveness of the DRIS program, GAO maintained that DOD had made limited progress in consolidations because military personnel at all levels were reluctant to let someone else provide their base support services. GAO concluded that strong top-level leadership was needed to ensure that local interests would not be allowed to frustrate proposed consolidations, and to convince the services that consolidations could improve efficiency. In February 1981, the Comptroller General of the United States sent a letter to the Secretary of Defense highlighting the September 1980 GAO report and emphasizing that DOD's program for reducing duplicate base support functions had not been effective.

The Defense Audit Service confirmed in its March 1982 report⁷ that the Joint Interservice Resource Study Group (JIRSG) process, a key element of the DRIS program established in 1977, had not been effective. The report concluded that the JIRSGs had contributed very little to the elimination of duplicate support services. In fact, no new interservice support agreements were initiated in 1980 as a result of the JIRSG studies. Another problem noted was the fact that the JIRSG process had a much lower priority than the "contracting out" process under Office of Management and Budget Circular A-76. In this circular, OMB encourages contracting out base support services to private industry where circumstances indicate a service can be more economically performed by private industry. By emphasizing the Commercial Activities program without similarly reinforcing the DRIS program, DOD did not organize the base support services in the most efficient and effective manner. Consequently, support services that could have been performed efficiently by DOD through inter-servicing may have been ultimately contracted out at a higher cost.

⁴ Report No. 76-151, "Audit of Defense Retail Interservice Support Program," April 28, 1976.

⁵ Report No. 769, "Interim Report on the Application of the Commercial and Industrial Activities Inventory to the Defense Retail Interservice Support Program," May 26, 1977.

⁶ GAO Report LCD-80-92, op. cit.

⁷ No. 82-079, "Report on the Audit of the Defense Retail Interservice Support Program," March 31, 1982.

V. DOD ATTEMPTS TO CONSOLIDATE BASE SUPPORT SERVICES ARE LARGELY UNSUCCESSFUL

A. DOD ISSUES DIRECTIVES TO GUIDE THE DRIS PROGRAM

The basic policies and principles for interservice support are set forth in DOD Directive 4000.19. Prior to 1973, interservice support was accomplished by the Defense Retail Interservice Logistics Support program. In March 1971, DOD Directive 4000.19 was changed, and responsibility for the administration of the program was delegated to the Defense Supply Agency. A new policy was established that required participating organizations, after signing a formal agreement, to reimburse the supplying organization for the net additional operating cost attributable to the service required.

In 1972, the program for interservice support was broadened to include all types of support functions. This new program was renamed Defense Retail Interservice Support (DRIS). In the new DOD Manual 4000.19 published by the Defense Supply Agency, the Department expanded the policies and procedures for interservice support functions and included directions to all Defense activities. DRIS was announced as a program for local commanders' use to improve their operations by promoting the effective use of support services, thus eliminating unjustified duplications.

B. STUDY GROUPS TO RECOMMEND CONSOLIDATION ARE INEFFECTIVE

In August 1977, the Assistant Secretary of Defense (Manpower, Reserve Affairs, and Logistics) created the Joint Interservice Resource Study Groups (JIRSG). The primary objectives of the JIRSGs were to identify, schedule, and study potential areas for consolidation in their assigned geographic areas of responsibility.

JIRSG areas are defined as any geographic area having 10 or more DOD activities within a 50-mile radius. The criterion was based on the premise that large concentrations of DOD activities in relatively close proximity provided a high probability of duplicative support services and therefore the potential for saving through consolidation. As a result of a survey of all DOD activities, 4 regions containing 52 JIRSGs in the continental United States and 15 JIRSG areas worldwide were established.

As of November 1980, the DRIS program manager's records showed that 311 JIRSG studies had been completed. Defense Audit Service reviewed 240 completed studies and found that 225 studies, or 94 percent, were superficial or analytically unacceptable. For the most part, the studies reflected the subjective position of the study team members and their organizations.

The DRIS program does not provide the detailed study guidance found in the Commercial Activities (CA) program. The CA program, which encourages contracting with private industry for base support services, has a cost handbook containing specific guidelines for directing the necessary cost studies. Few instructions were provided under the DRIS program to assist the study groups when analyzing base support services for consolidation.

A recurring problem with the DRIS program is the inadequate management attention by DOD that has led to the practice of permitting DRIS responsibilities to become minor part-time assignments. A by-product of this inattention is that DRIS studies and conclusions are often superficial and subordinated to special interests that oppose interservice support.

C. DRIS PROGRAM MANAGER ACTS PRIMARILY AS A REPOSITORY OF INFORMATION WITHOUT DIRECTING EFFECTIVE POLICY MATTERS

The DRIS program manager, presently located in the Defense Logistics Agency (successor to the Defense Supply Agency), acts primarily as a repository of the DRIS studies and disseminator of information about support agreements. Under the direction of the DRIS manager, Defense Supply Agency began to publish in May 1977 a catalog of known support services. This catalog, periodically updated and most recently published in February 1982, provides visibility to the numerous categories of support, listing by state or foreign country the organizational activities and type of support activities being furnished. Because the DRIS data bank is kept separate from the Commercial Activities (CA) inventory, DOD fails to provide an expanded base from which to identify potential interservice opportunities.

The DRIS program manager's responsibility does not include performing studies at geographical locations to identify services that are likely candidates for interservicing. This manager has little authority to bring about consolidations or to influence the quality of the JIRSG studies.

VI. EFFORTS TO IMPROVE THE DRIS PROGRAM ARE DISAPPOINTING

A. RECENT DOD ACTIONS TO IMPROVE THE DRIS PROGRAM ARE LIMITED

Within the last year DOD has (1) set a modest annual savings goal for DRIS and intraservice consolidations of \$10 million each for the Army, Navy, and Air Force for fiscal years 1983-1987, (2) established a directorate for base operating support within the Office of the Assistant Secretary of Defense for Manpower, Reserve Affairs, and Logistics to coordinate DRIS, CA, and intraservice programs, (3) created a joint OSD-Service task force to improve management of the DRIS program, (4) developed a program to reward those military commands meeting base consolidation goals, (5) issued high-level policy statements supporting the goals and objectives of the DRIS program, and (6) published specific dates for making decisions on proposed consolidation. Efforts are also currently underway to develop other incentives for reducing base support costs. Unfortunately, these actions do not go far enough to correct the shortcomings in the DRIS program.

B. SAVINGS GOALS FOR THE SERVICES ARE MINIMAL

In his May 26, 1981, memorandum, Mr. James N. Juliana, Principal Deputy Assistant Secretary of Defense (Manpower, Reserve Affairs, and Logistics), requested that each of the Defense agencies establish within 30 days DRIS program saving targets for fiscal years 1983-

1987. So far, only Defense Logistics Agency has responded by setting a \$100,000 annual goal. Since it is now more than one year later, it is evident that the 30-day response time was ignored by most of the DOD agencies, a clear illustration of how serious they are about these goals. It is also recognized that many DOD agencies are primary receivers of support and would have little potential for savings.

For fiscal years 1983 through 1987, DOD has established a savings goal of \$10 million for each of the military services. This goal covers both interservice and intraservice support and it constitutes less than one-tenth of one percent of the total base support services costs. It is conceivable that a military service could reach such a goal without any interservice consolidation or utilization of the DRIS program.

Dr. Lawrence J. Korb, Assistant Secretary of Defense for Manpower, Reserve Affairs, and Logistics, testified during the hearing that the \$30 million yearly cost saving goal would amount to a cost avoidance of nearly one-half billion dollars. This statement is misleading. DOD's claim is based on achieving their \$30 million savings goal each year from fiscal year 1983 through fiscal year 1987, for a cumulative total of \$450 million. The actual savings for the same period is \$150 million. DOD derived its figures as follows:

SAVINGS
(In millions of dollars)

	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Fiscal year:						
1983.....	30	30	30	30	30	150
1984.....		30	30	30	30	120
1985.....			30	30	30	90
1986.....				30	30	60
1987.....					30	30
Total.....	30	60	90	120	150	450

Since the current-year savings can be reapplied to unfunded projects, DOD believes that a fresh incentive exists to achieve savings through consolidation. However, these are not real savings in the sense that the DOD budget would be decreased if other projects, which were not originally funded, were to receive the allocation instead. The committee therefore questions whether the term "savings" is properly applied to the \$30 million goal.

In addition, the Comptroller General of the United States, by letter of June 24, 1982, to the Secretary of Defense,^a strongly endorsed higher saving goals and supported the committee's position that the current annual savings goal of \$10 million per service for the DRIS program does not sufficiently challenge the services to achieve the potential savings available in this area.

C. MORE TOP-LEVEL ATTENTION TO DRIS PROGRAM IS NEEDED

The committee commends DOD's recent efforts to devote more attention to the DRIS program. For instance, a directorate was established within the Office of the Secretary to coordinate DRIS, CA, and intra-

^a Letter of June 24, 1982, B-20282, "Follow-up to the January 21, 1981, GAO letter regarding recommended DOD savings."

service programs. However, the director is a field grade officer. By not appointing a general or flag officer as the director of base operations, the strength of the office is diminished. Similarly, the Defense Audit Service,⁹ finding that the DRIS program is totally dependent upon top-level support and involvement in order to achieve an effective program, recommended that DOD appoint a general or flag officer to act as the executive agent for each of the four Joint Interservice Study Group regions in the United States.

Citing it as an opportunity to bring about management improvements, the DOD Council on Integrity and Management Improvement established on February 18, 1982, a task force to monitor the DRIS program. The establishment of this task force is commendable because high-level officials may be kept aware of the DRIS program's progress.

By memorandum of December 1, 1981, the Assistant Secretary of Defense announced his plan to assign higher manpower ceilings as a reward to the service making the most aggressive attempts to accomplish OMB Circular A-76 reviews, interservice support agreements, and other efficiency improvements. He further stated that "Valid needs for civilian manpower will continue to exceed the DOD ceiling and I want the most efficient managers to be able to satisfy the largest share of their needs." This memorandum combines "contracting out" studies with the DRIS study efforts in measuring the reward for the services. As shown in this report, a major problem with the DRIS program is that it is being overshadowed by the "contracting out" studies (see E-2, below, for further discussion of the CA program). The committee fears that this will continue. In addition, as previously mentioned, the "savings" resulting from the DRIS program can be used on other unfunded projects by the base commanders. Whether or not this reward system is adequate to prompt consolidations is uncertain at this time.

On June 3, 1982, the Office of the Assistant Secretary of Defense (Manpower, Reserve Affairs, and Logistics) issued a memorandum regarding DRIS program study procedures and formats. For the first time, affected parties are required to implement consolidations within 30 days when a JIRSG study recommends consolidation and all affected services agree to the recommendation. If the 30-day time response is not met, DOD directs the implementation. However, if a service files a minority report to the study group recommendation, the consolidation is delayed.

The issuance of high-level policy statements such as the June 3, 1982, memorandum is encouraging. Memoranda of this type provide the much needed guidance for conducting consolidation studies. However, studies in and of themselves are insufficient; forceful top-level management is required to direct consolidation where opportunities for savings exist.

D. CASE STUDIES ILLUSTRATE THE DIFFICULTIES FACING CONSOLIDATIONS

While reviewing the DRIS program, the committee examined five JIRSG studies that had languished for years within DOD. It was discovered that no effort had been made to effect recommended consolidations at 3 locations—the consolidation of family housing in

⁹ No. 82-079, March 31, 1982, "Report on the Audit of the DRIS Program."

Oahu, Hawaii, the combining of administrative aircraft on 2 bases in Japan, and the merging of motor pool operations in the National Capital Region. Limited success was achieved as a result of the Panama Canal petroleum consolidation study and the Corpus Christi printing consolidation study.

In Hawaii, the Oahu family housing situation is a typical example of resistance to consolidation. The Army, Navy, Air Force, and Marines presently manage and operate approximately 19,000 housing units in Hawaii. Each service has its own family housing organization to provide requisite housing services for its personnel, and the majority of the units are concentrated in a relatively small geographic area. The savings from consolidation are clear, yet the Air Force is particularly adamant, maintaining it has the best housing of all the services on the island. It fears consolidation of management and maintenance functions under DOD direction would result in a loss of control over its own units and that it might be forced to accept what is now Army or Navy housing. The Deputy Assistant Secretary of the Air Force, in a memorandum to the Deputy Assistant Secretary of Defense dated March 3, 1982, stated that the proposed consolidation is not supported by the Air Force. Furthermore, Assistant Secretary of Defense Korb asserted during the hearing that consolidating family housing in Hawaii "will create certain morale problems among the people there." Congressman Frank Horton, noting that service opposition to consolidation is an example of parochial interests that cost money, responded that he could not envision any morale problems in Hawaii that would prevent consolidation of housing.

Clearly, consolidation of family housing could result in cost savings. The salary costs alone are about \$3.8 million annually. The estimated cost savings—a reduction of approximately 18 percent in annual administrative costs—could readily be accomplished, according to a recent feasibility study,¹⁰ but for the resistance of the services.

Another example of potential savings is the U.S. military administrative, not combat, aircraft operations in Japan. An interservice support agreement allowing the Army to absorb the workload of the Air Force helicopters would result in annual savings in personnel costs of at least \$158,000 and allow the redistribution of three helicopters and related equipment valued at about \$1 million. Yet the services oppose consolidation, claiming the administrative aircraft perform contingency missions and thus cannot be consolidated.

During the hearing, Chairman Jack Brooks asked about the transportation study conducted by Navy Captain Donald H. Currier, chairman of the Joint Interservice Resource Study Group, Washington, D.C. Captain Currier testified that 21 separate organizations in the National Capital Region have motor pools. By consolidating them into a central facility with three or four satellite locations, DOD could save a minimum of \$50 million during the first year. Unfortunately, the study recommending the consolidation has been ignored. Currently, another study is being conducted on a less comprehensive basis by the Office of the Secretary of Defense.

Petroleum, oil, and lubricant storage in the Panama Canal Zone further illustrates the difficulties encountered in trying to achieve sav-

¹⁰ DOD Family Housing Consolidation, Hawaii—Feasibility Study. The Corporation for Community Development, April 1981, p. 8-2.

ings through the DRIS program. Over two years ago, a Joint Interservice Resource Study Group proposed the consolidation, indicating it would achieve a savings of over \$300,000 annually. The savings are possible by expanding the storage capacity so that transfer deliveries could be larger and less frequent for the Navy and the Air Force. This seemingly simple economy has been bogged down because of disagreement over who should control the fuel that is stored on a military base. Even after the consolidation agreement was signed by the Navy and the Air Force, the latter retained control over its fuel. Had DOD directed action earlier, over \$500,000 could have been saved.

Another case with limited success involves the consolidation of the Army and Navy printing activities under the auspices of the Navy Publications and Printing Service Detachment Branch Office in Corpus Christi, Texas. The two services, after debate over control of certain office space, have finally resolved their differences and an interservice support agreement may be signed in the near future.

There are many instances where no action whatever has been taken on other recommendations for consolidation. For example, there are approximately 110 commands or activities located at 11 installations in the Norfolk, Virginia, area, with a total personnel strength of 49,000, of which 11,000 are assigned to major base operating support activities. Yet, little DRIS activity is evident. GAO examined this area during 1980 and found no overall data available on the various activities in the area; however, DOD recently advised that it was beginning to obtain the necessary data. In March 1981, GAO determined that little progress had been made in this effort since only limited raw data was available. GAO testified during the hearing that no progress had been made during the last year and no actions are planned. The individual responsible for the DRIS program in the Norfolk area stated that CA studies were given priority instead and that no DRIS studies had been conducted because of insufficient resources.

The Sacramento, California, area has seven military installations and just under 10,000 base support personnel. Each installation has a similar complement of support functions. GAO witness Werner Grosshans, deputy director of the Procurement, Logistics, and Readiness Division, testified during the hearing that since 1980 thirteen DRIS studies have been conducted in the Sacramento area and five studies are currently under way. However, none of the completed studies has resulted in new consolidations of base support services.

E. REASONS FOR DOD'S FAILURE TO ACHIEVE SUFFICIENT CONSOLIDATIONS

1. DOD consolidated few support functions because the DRIS program is neglected

The committee believes the DRIS program has great potential for achieving consolidations. Yet, DOD has consolidated few base support services.

In 1972 DOD Directive 4000.19 called for "aggressive" use of interservice support and directed the Assistant Secretary of Defense (Installations and Logistics) ¹¹

¹¹ Redesignated Assistant Secretary of Defense, Manpower, Reserve Affairs, and Logistics.

Monitor and guide the effectiveness and economy of DOD operations by fostering extensive and systematic use of the interservice support concept;

Resolve interservice support arrangements which cannot be resolved at the military departments, Joint Chiefs of Staff, or Defense agency level; and

Evaluate performance of the DRIS program.

In addition, the directive stated that the purpose of the program is "to provide local Commanders with a means of improving their operations by achieving the greatest overall effectiveness and economy in retail operations by acquiring support services from other Military Services/Defense Agencies through the media of Interservice Support Agreements."

The director of the Defense Logistics Agency was designated as the program administrator for meeting the program's objectives. Additionally, the director was to (1) develop specific intermediate and long-range plans, (2) conduct studies to identify or develop opportunities for effective interservice support, and (3) furnish analyses of support operations to the DOD components. The director instructed the DOD components, major commands, and other activities to aggressively promote and use interservice support, to ensure program implementation, to assign program coordinators, and to attempt to resolve disagreements.

While the directions are quite specific, the objectives of the program have not been accomplished. The results for few consolidations are:

- (a) Lack of DOD commitment to the program.
- (b) DRIS is a voluntary program and special interests hostile to it exist at all levels—services, commands, and installations.
- (c) Low level of involvement at the local level.
- (d) Lack of meaningful goals and incentives.
- (e) Lack of visibility of successes which would encourage actions at other locations.
- (f) Projects selected for consideration normally are not the candidates that offer the highest payoff. They tend to be the ones that are least controversial.
- (g) Failure to effectively coordinate the three competing programs—DRIS, CA, and intraservice.

In essence, defense managers, primarily at the base level, do not want someone else to control their support. They are afraid that work priorities would be established by another command, resources would not be equitably allocated, and in-house capabilities might be eliminated, leaving no backup support. While this concern is understandable, it is narrow in outlook, expensive, and does not consider Government-wide needs.

2. DRIS studies are considered low priority by the services

The Commercial Activities program includes contracting for support services from private industry under OMB Circular A-76. The program focuses on determining whether or not needed commercial or industrial-type work should be done by contracting with private sources or by using Government facilities and personnel. The circular requires that the decision is to be based on a comparison of contract costs versus Government costs. According to the circular, the cost

analysis should be preceded by internal reviews to ensure that current Government operations are organized and staffed for the most efficient performance.

At the hearing, Captain Currier testified that the studies conducted under Circular A-76 have taken precedence over the DRIS studies. He firmly supported the idea of reversing the priorities and conducting DRIS studies first. By implementing the recommendations of the DRIS studies, DOD activities performing base support services could be organized in a more efficient and effective way.

DOD has scheduled a coordinated worldwide effort to study 11 base support functions. Unfortunately, some of these studies have been cancelled in the Washington, D.C. area because of the studies conducted under Circular A-76. Almost \$1 million could have been saved if these DRIS studies had been completed and implemented, according to Captain Currier.

Mr. Grosshans of the General Accounting Office, in his testimony during the hearing, said that GAO's review in the Norfolk and Sacramento areas showed that the contracting out studies are being emphasized over the DRIS program. The Defense Audit Service report also had similar findings in its March 31, 1982, report.¹²

VII. FINDINGS

1. DOD has failed to make satisfactory progress toward eliminating duplicate base support services.
2. Consolidating military base support services could save hundreds of millions of dollars.
3. Joint Interservice Resources Study Groups have contributed very little to the elimination of duplicate support services.
4. Parochial interests of the military services is the primary reason for the failure of the DRIS program.
5. The Office of the Secretary of Defense has been extremely reluctant to direct consolidations in face of military services opposition.
6. Reliance on local initiatives to effect consolidations is not effective.
7. DOD's plans and recent initiatives are promising and may result in improvements in the DRIS program.

VIII. RECOMMENDATIONS

The Defense Department should:

1. *Establish meaningful cost savings goals.*—With base operating support costs rising significantly, the committee does not view the current \$30 million goal as a serious effort by DOD managers to control base operating support costs and to manage effectively resources in this area. A second-year goal of one to five percent of base support personnel costs would be quite reasonable.

2. *Reduce the base operating support budgets of those military services that do not achieve their goal.*—Without budgetary actions against the services opposing consolidations, potential savings through the DRIS program will continue to be forfeited.

¹² Report No. 82-079, March 31, 1982, op. cit.

3. Prevent the military services' individual interests from frustrating Department-wide consolidations.—The lack of voluntary action by the services has shown that it will be necessary for DOD to direct that consolidations be made.

4. Direct defense-wide consolidations of certain support services once they have been proven cost effective in several geographic locations.—It is a waste of resources to continue to study consolidation feasibility at one location after another once it has been shown that savings can be achieved.

5. Coordinate the DRIS, CA, and intraservicing programs so that maximum benefit is received from each program.—A systematic attack on reducing base support costs is absent. CA studies continue to be conducted without adequately considering the potential for interservicing or intraservicing. Consequently, potential savings have been lost because an efficient in-house method of providing base support has not been established.

6. Create a management structure at the OSD level that centralizes responsibility for base support services.—This management structure, to be directed by a senior executive, would provide an effective means of coordinating competing programs, obtaining visibility over total base support resources, and deciding consolidation disputes.

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APPENDIXES

APPENDIX A.—LISTING OF GAO PRIOR REPORTS AND SIGNIFICANT ACTIONS TAKEN

GAO REPORTS*

"Little Progress By The Department of Defense In Acting On Opportunities For Significant Savings By Consolidating Real Property Maintenance Organizations," B-164217, December 12, 1972.

"Potential For Greater Consolidation Of The Maintenance Workload In The Maintenance Services," B-178736, July 6, 1973.

"Millions Could Be Saved Annually And Productivity Increased If Military Support Functions In The Pacific Were Consolidated," LCD-75-217, August 26, 1975.

"Aircraft Depot Maintenance: A Single Manager is Needed to Stop Waste," LCD-78-406, July 12, 1978.

"Progress And Problems In Consolidating Military Support Functions In The Pacific," LCD-78-223, April 12, 1979.

"Consolidating Military Base Support Services Could Save Billions," LCD-80-92, September 5, 1980.

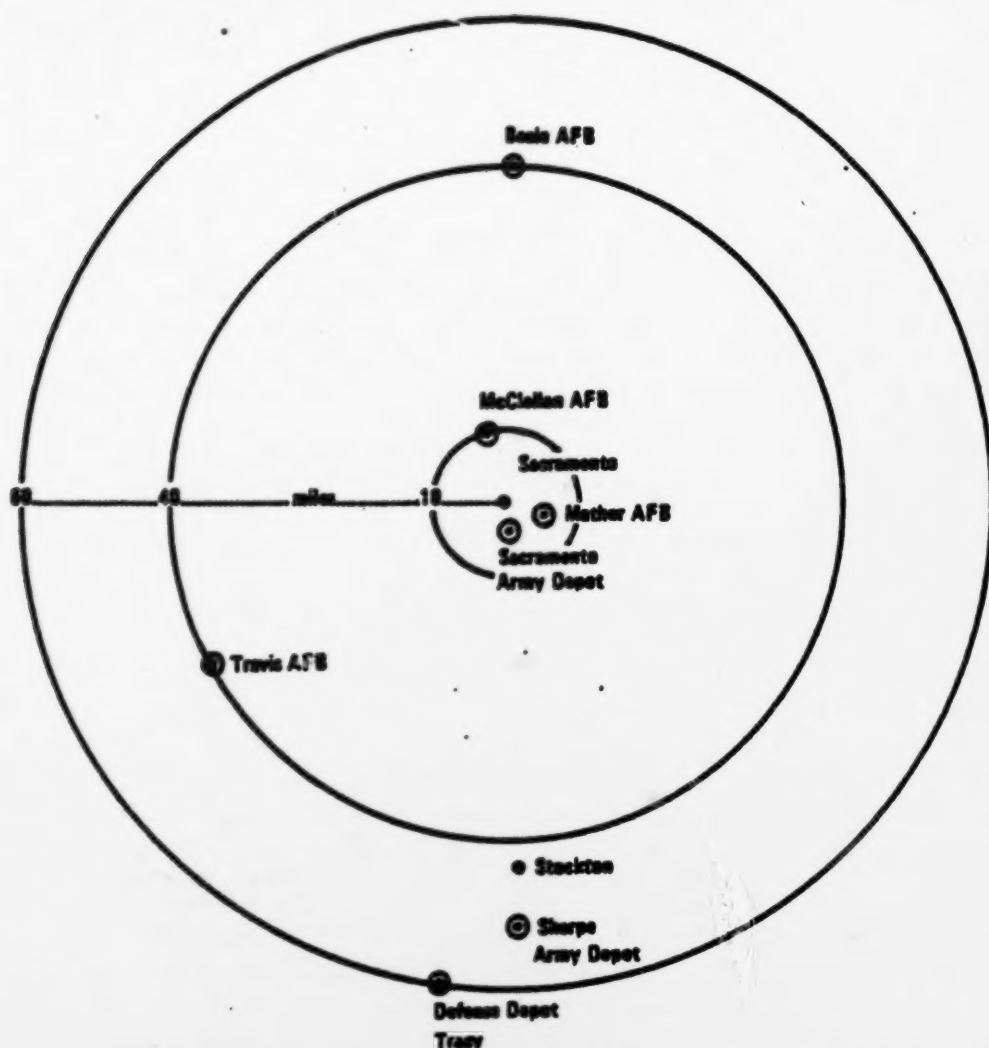
ACTIONS TAKEN

Year and function	Annual projected savings	Military service action
1972: Duplicate laundry and drycleaning facilities at Army and Air Force bases in Japan.	\$750,000	Consolidated.
1972: Duplicate Army, Navy, and Air Force general hospitals in a 30-mile area in Japan.	2,000,000	Army hospital size reduced.
1975: Duplicate Army and Navy general cargo ports in Japan.....	1,000,000	Under study.
1975 and 1979: Duplicate Army and Air Force administrative aircraft support in Japan.	630,000	Consolidation refused.
Duplicate housing and household furniture management for each service in Okinawa.	1,400,000	Consolidated.
Duplicate real property maintenance for each service in Hawaii and Okinawa.	1,600,000	Some consolidation.
Duplicate Army and Air Force industrial gas production plants in Okinawa.	200,000	Consolidated.
Duplicate equipment calibration activities for each service in Hawaii and Okinawa.	780,000	Under study.
Duplicate procurement offices for each service Japan, Hawaii, and Okinawa.	2,000,000	Some consolidation.
Duplicate civilian personnel offices for each service in Japan, Hawaii, and Okinawa.	1,800,000	Do.

*Source for appendices: "Consolidating Military Base Support Services Could Save Billions," General Accounting Office Report No. LCD-80-92, September 5, 1980.

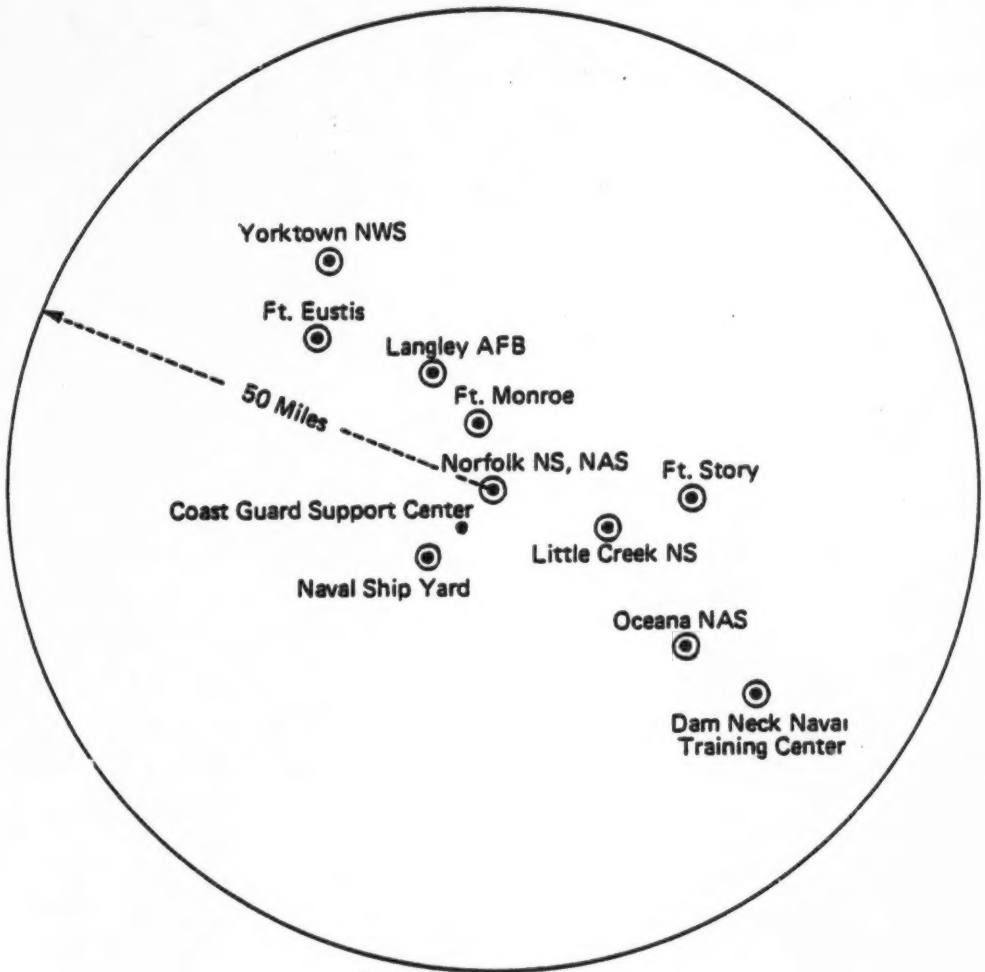
APPENDIX B.—A CASE STUDY OF CONSOLIDATION POTENTIAL IN THE SACRAMENTO AREA

As illustrated below, seven military installations are within a 60-mile radius of Sacramento.



These installations range in strength from 1,430 to 16,750 personnel, and they generally have a full array of base support services. As discussed earlier, installations and commands, as well as the military services, tend to account for base operating support differently. Also, at many installations, base support and mission support activities, such as supply, are integrated, thereby making analysis difficult. The following schedule depicts the total population, number of personnel involved in base operating support, and the personnel allocated to eight major types of support activities.

**APPENDIX C.—MAJOR MILITARY INSTALLATIONS WITHIN A 50-MILE
RADIUS OF NORFOLK**



	Beale Air Force Base	Travis Air Force Base	Mather Air Force Base	McClellan Air Force Base	Sacramento Army Depot	Sharpe Army Depot	Defense Depot Tracy	Total
Total population.....	7,009	10,795	7,449	17,500	3,150	1,404	1,565	48,872
Total base support.....	1,637	2,269	1,750	3,016	365	456	470	9,963
Major support activities:								
Civil engineering.....	476	606	442	787	10	103	90	2,504
Base contracting.....	23	47	32	116	105	21	20	364
Personnel.....	100	176	125	241	64	38	25	770
Vehicles operations and maintenance.....	101	180	126	91	10	74	60	632
Comptroller.....	76	136	89	315	105	72	44	837
Data automation.....	27	37	26	489	35	40	55	709
Base supply.....	312	481	487	581	10	46	43	1,950
Security.....	192	288	113	147	10	39	38	817
Total.....	1,307	1,951	1,440	2,767	309	433	376	8,583

¹ These activities have been contracted out under the CITA program.

COMMANDS REPORTING IN-HOUSE BASE OPERATING SUPPORT FUNCTIONS IN THE NORFOLK AREA¹

	Fort Monroe ²	Fort Story ²	Fort Eustis ²	Langley AFB ²	Naval Station	Naval Air Station	Little Creek	Naval Weapons Station	Naval shipyard	Dan Neck	Oceans Naval Air Station	Other ²	Total
Number of separate commands/detachments on base.....	1	2	1	1	46	13	9	6	8	6	6	11	110
Selected support function: ⁴													
Computer and data processing.....			1	1	12	3	3	1	3	1	1	3	29
Finance and accounting.....			1	1	17	4	3	3	5	2	2	3	41
Civilian personnel services.....	1		1	1	10	1	2	2	5	1	2	3	29
Custodial.....				1	10	3	3	1	3	3	2	3	29
Purchasing and contracting.....	1		1	1	20	2	3	2	4	1	1	3	39
Storage and warehousing.....	1		1	1	13	2	3	2	2	1	1	3	30
Calibration of precision instruments.....			1	1	4		2	3	1		1		13
Real property maintenance.....	1		1	1	6	2	1	1	1	1	1	3	19
Military personnel services.....	1		1	1	9	3	4	2	1	1	1	3	27
Training.....	1		1	1	22	7	6	5	6	2	4	3	58
Expendable and general supplies.....	1		1	1	12	4	2	3	1	1	1	4	31
Printing and reproduction.....	1		1	1	13	3	5	2	2		1	5	34
Housing and office appliances, equipment, and furniture.....	1		1	1	9	1	3	2	1	2	1	2	24
Photographic equipment and components.....	1		1	1	7	2	1	2	1			2	18
Audio visual services.....	1		1	1	17	4	4	2	3	2	2	4	41
Education.....	1		1	1	10	4	5	5	2	1	2	3	35

¹ Analysis is based on raw data reported to Joint Interservice Resources Study Group. The group has not yet validated data or determined magnitudes.

² Army and Air Force reported data by installation, whereas Navy reported by separate command.

³ Located on small subinstallation or location not determinable based on data provided.

⁴ Questionnaire included 101 total functions.